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CRYPTOCURRENCY IN THE PERSPECTIVE OF SHARIAH

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MASTER IN ISLAMIC FINANCE AND BANKING

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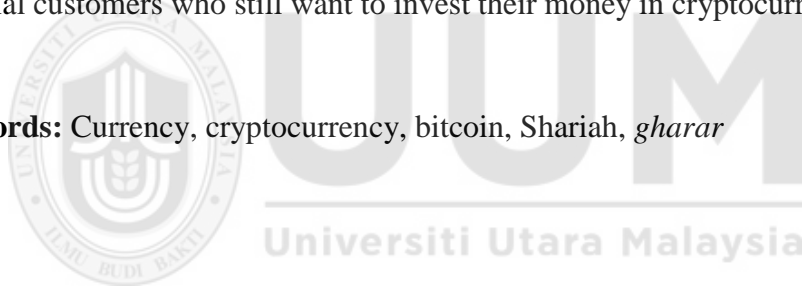
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ABSTRACT

The purpose of this study is to investigate one of the types in Fintech area, which is cryptocurrency from the perspective of Shariah. Until now, there are around 1,600 types of cryptocurrencies around the world. However, one of the most sought cryptocurrency in Malaysia is Bitcoin. Since it is still a new in Malaysia, the in-depth study on this has not yet been fully completed. By the realization to study this issue, a research has been conducted to become an eye-opener for those who want to dig deeper to gain the knowledge about this especially on the views from Islamic perspective or to be specific, from Shariah views. On the other hand, many issues arise regarding this cryptocurrency especially bitcoin. Therefore, this research will investigate the concept of money with its characteristics, and analyze if cryptocurrency does have all the characteristics of real money in it. Move forward to the next objective, this study will also explain on the Islamic perspective, and to be exact, Shariah views of cryptocurrencies as the currency or as a medium of exchange. Until now, there is still not much current views from the current scholars on this exact matters. Most of the views are regarding on whether their countries accepting it to be used or not, and the majority are the views from the government. Still, there is no specific *hukm* on the uses of cryptocurrencies. So, the outcome of this study will provide an important insight for potential customers who still want to invest their money in cryptocurrencies.

Keywords: Currency, cryptocurrency, bitcoin, Shariah, *gharar*



ABSTRAK

Tujuan kajian ini adalah untuk mengkaji salah satu jenis di teknologi kewangan (Fintech), iaitu matawang kripto dari perspektif Maqasid Shariah. Sejak beberapa tahun yang lalu, kira-kira 1,600 jenis matawang kripto telah dicipta. Salah satu matawang kripto yang paling diberi perhatian di Malaysia ialah Bitcoin. Oleh kerana ia masih baru di Malaysia, kajian mendalam mengenai perkara ini belum selesai sepenuhnya. Dengan kesedaran untuk mengkaji isu ini, satu kajian yang mendalam telah dijalankan untuk menjadi pembuka mata bagi mereka yang ingin mengetahui dengan lebih mendalam untuk mendapatkan pengetahuan mengenai hal ini terutamanya pandangan daripada perspektif Islam dan secara spesifiknya daripada kaca mata Shariah itu sendiri. Sebaliknya, banyak masalah timbul mengenai matawang kripto ini terutamanya bitcoin. Oleh itu, kajian ini akan mengkaji konsep wang dengan ciri-cirinya, dan menganalisis jika matawang kripto mempunyai semua ciri-ciri wang sebenar di dalamnya. Terus ke objektif seterusnya, kajian ini juga akan menerangkan tentang pandangan daripada perspektif Islam, dan secara spesifik adalah pandangan Shariah terhadap matawang kripto sebagai matawang yang sah dan sebagai medium pertukaran. Sehingga sekarang, masih tidak begitu banyak pandangan daripada para alim ulamak dalam isu yang diketengahkan ini. Kebanyakan pandangan yang diberikan adalah lebih kepada sama ada negara tersebut dibenarkan untuk menggunakan matawang kripto atau tidak, dan secara majoritinya adalah pandangan daripada kerajaan negara tersebut. Namun, masih belum terdapat hukum yang jelas dan spesifik tentang penggunaan matawang kripto sama ada diharuskan atau diharamkan atau lain-lain. Hasil kajian ini akan memberikan wawasan yang penting bagi bakal pelanggan atau pengguna lain yang masih ingin melaburkan wang mereka dalam matawang kripto ini.

Kata kunci: Matawang, matawang kripto, bitcoin, Shariah, *gharar*

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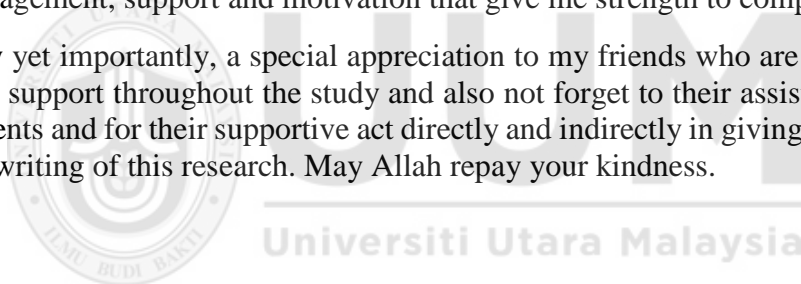


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LIST OF ABBREVIATION

AI	Artificial Intelligences
BNM	Bank Negara Malaysia
IMF	International Monetary Fund
POS	Cloud-based Point of Sale
SaaS	Software-as-a-Service
SHA	Secure Hash Algorithm



CHAPTER 1:

INTRODUCTION

1.1 Background of the Study

Money is anything that has value and it is generally accepted as a medium of exchange. It also can be used once it is accepted as a store of value and unit of account. Since decades ago, the use of money as the exchange rate has long been used. The only different between now and then is the medium of exchanged used. As early as 9000 BC, people would barter their goods if they have surplus for ones they lacked. Cattle and grain were popular goods to barter. The first bartering system was recorded in Egypt. During 1100 BC, people in China started to use replicas of goods cast from bronze (Wray, 2012). King Alyattes of Lydia from the modern day Turkey minted the first official currency in 600 BC. The coins were developed into rounded shape of coins. It were developed out of lumps of silver. The standardized coinage allowed trade to flourish across the Mediterranean world.

Up until year 1250 AD, a gold coin that was minted in Florence was widely accepted across Europe. The widely accepted gold coin has encouraging the international commerce. In 1290, a traveler named Marco Polo has travelled to China to introduce the idea of paper money to Europeans. However, in 1661, the paper money did not catch on for quite some time with the first bank notes being printed in Sweden even the paper money was great for business because it does not need to rely on raw metals to produce it. The history of money continue until year 1860 where an industry

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